

HUMAN SERVICES DEPARTMENT[441]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 249A.4, the Department of Human Services proposes to amend Chapter 78, “Amount, Duration and Scope of Medical and Remedial Services,” and Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

These amendments reduce Medicaid reimbursement for inpatient hospital care when a member is readmitted to a hospital for treatment of the same condition within seven days of discharge from that hospital. This change is mandated by 2012 Iowa Acts, Senate File 2336, section 12. The total amount of annual program savings is estimated to be \$650,000, of which approximately \$260,000 is state funds. These savings are assumed in the Department’s appropriation for the state fiscal year beginning July 1, 2012.

Currently, when a hospital discharges a patient too early and the patient is subsequently readmitted for the same condition, the hospital receives two full “diagnosis-related group” (DRG) payments. These amendments provide that the original and readmission claims will be combined together, resulting in one DRG payment. Based on past years’ experience, this change is expected to affect 150 to 175 readmissions per year.

In many cases, the savings will equal the entire amount of the second hospital claim. In some instances, combining both claims will result in a day outlier or cost outlier payment. Hospitals will be fairly compensated for these longer stays if the stays meet either the cost outlier or long-stay outlier criteria. Cost savings estimates were reduced by 20 percent to account for these outlier payments.

Unnecessary hospital readmissions are a recognized cost and quality issue in the health care system. If the patient were kept longer, there would be less likelihood of readmission and additional cost. More payors are instituting incentives such as the one included in this rule making for hospitals to ensure appropriate discharge planning and coordination with other providers so that patients receive appropriate follow-up care.

These amendments were also Adopted and Filed Emergency and are published herein as **ARC 0194C**. The purpose of this Notice is to solicit comment on that submission, the subject matter of which is incorporated by reference.

Any interested person may make written comments on the proposed amendments on or before July 31, 2012. Comments should be directed to Harry Rossander, Bureau of Policy Coordination, Department of Human Services, Hoover State Office Building, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515)281-4980 or by E-mail to policyanalysis@dhs.state.ia.us.

These amendments do not provide for waivers in specified situations because the savings assumed in the Department’s appropriation would not be realized if waivers were granted. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 249A.4, 2011 Iowa Acts, chapter 129, section 122, subsection 20(a), and 2012 Iowa Acts, Senate File 2336, section 12.